# POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

## 1. Purpose

This policy aims to determine Material Subsidiary(ies) of ETT Limited (herein after referred to as the "Company") and shall be called "Policy for determining material subsidiaries", which is framed in accordance with the provisions of clause 49(V)(D) of the Listing Agreement.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Agreement and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

## 2. Objective

To determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries

## 3. Definitions

"**Act**" means Companies Act, 2013 including any statutory modifications or re-enactments thereof.

"**Audit Committee**" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013 and the Listing Agreement.

"**Board of Directors**" or "**Board**" means the collective body of the directors of the Company.

"**Holding Company**" in relation to one or more other companies, means a company of which such companies are subsidiary companies.

"**Independent Director**" means a director of the Company, as prescribed under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

"**Policy**" means Policy for determining Material Subsidiary.

"**Significant Transaction or Arrangement**" means any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

"**Subsidiary Company**" or "**Subsidiary**" as defined under Section 2(87) of the Companies Act, 2013 and the rules made thereunder in relation to any other company (that is to say the holding company), means a company in which the holding company –

i. controls the composition of the Board of Directors; or
ii. exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

## 4. Criteria for determination of "Material Subsidiary"

A subsidiary shall be considered as material:

i. If the investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
ii. If the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

## 5. Material non-listed Indian Subsidiary Company

"Material non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

## 6. Governance Framework

i. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
ii. The minutes of the Board Meetings of the unlisted subsidiary company shall be placed before the Board of the Company.
iii. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
iv. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

## 7. Disposal of Material Subsidiary

The Company shall not:

i. dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary or;
ii. sell, dispose and lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year

without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a court/Tribunal under the Companies Act, 2013 or rules made thereunder.

**8. Disclosure**

This Policy shall be disclosed on the Company's website www.ettgroup.in and web link thereto shall be provided in the Annual report of the Company.

**9. Review / Amendment**

This policy is framed pursuant to the provisions of the Companies Act, 2013 and rules thereunder and the requirements of the clause 49 of the Listing Agreement with the stock exchanges.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Audit Committee as and when changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.